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BUYER-SELLER INTERACTION: A CONCEPTUAL FRAMEWORK

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College of Commerce and Business Administration
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ABSTRACT

This paper attempts to provide a comprehensive conceptualization of the buyer-seller interaction process. The basic postulate under the conceptualization is that the quality of interaction is a function of the compatibility between the buyer and the seller with respect to both the style and the content of communication. After defining the dimensionalities of style and content, a number of personal, organizational and product-specific factors are described as determinants of style and content of communication in buyer-seller interaction process.

Introduction

A review of the literature in the area of buyer-seller interaction process points out at least three dimensions of the state of the art (See Evans, 1963; Davis and Silk, 1972; Hulbert and Capon, 1972; O'Shaughnessy, 1972; and Webster, 1968 for summaries and reviews of the knowledge in the area).

First, the extent of empirical research on the buyer-seller interaction process is relatively sparse suggesting considerably less interest in this area at least among the academic researchers. While there is considerable talk about the mysteries of the super-salesman and some good research in the area of selection and training of sales representatives in industrial marketing, the vital linkage of the buyer-seller interaction process remains yet to be systematically researched.

Second, whatever empirical research one finds in the area is highly sporadic and ad hoc. Most of it consists of attempts to extend specific hypotheses borrowed from the behavioral sciences to describe and explain process of buyer-seller interaction. These consist of several similarity hypotheses related to the backgrounds and physical characteristics of the buyer and the seller and the reliance on the Yale School of thought on personal communication including impact of source, message and channel factors (Howard and Sheth, 1969; Capon, Holbrook and Hulbert, 1975). Consequently, the area of buyer-seller interaction is replete with numerous hypotheses, interesting observations and considerable degree of contradictory or unrelated research findings.

Third, there is a conspicuous absence of any comprehensive conceptualization or theory of buyer-seller interaction. It seems no one has as yet attempted to go beyond reviewing the literature in order to sort out existing evidence and to reconcile inconsistent or contradictory findings by offering a comprehensive or holistic perspective to the problem area.

A comprehensive perspective of the buyer-seller interaction process seems timely and can serve several useful functions. It will encourage more systematic and realistic research which takes into account many interdependent phenomena relevant to understanding the buyer-seller interaction process; it will probably point out new areas of research by providing insights which can only come from a comprehensive perspective; finally it is likely to discourage research in what may prove to be irrelevant or less useful subareas. Often, research in a growing area tends to localize in a very narrow issue losing sight of the many other unexplored and more useful aspects within it. Witness the recent experience in the area of attitude structure and specifically the controversy about the judgmental rules a person utilizes in processing multiattribute information.

Accordingly, the purpose of this paper is to attempt a comprehensive conceptualization of the buyer-seller interaction process. It is hoped that such a conceptualization will generate additional insights into the problem area and encourage more selective and concerted research.

Overview

The conceptual framework suggested in this paper is comprehensive

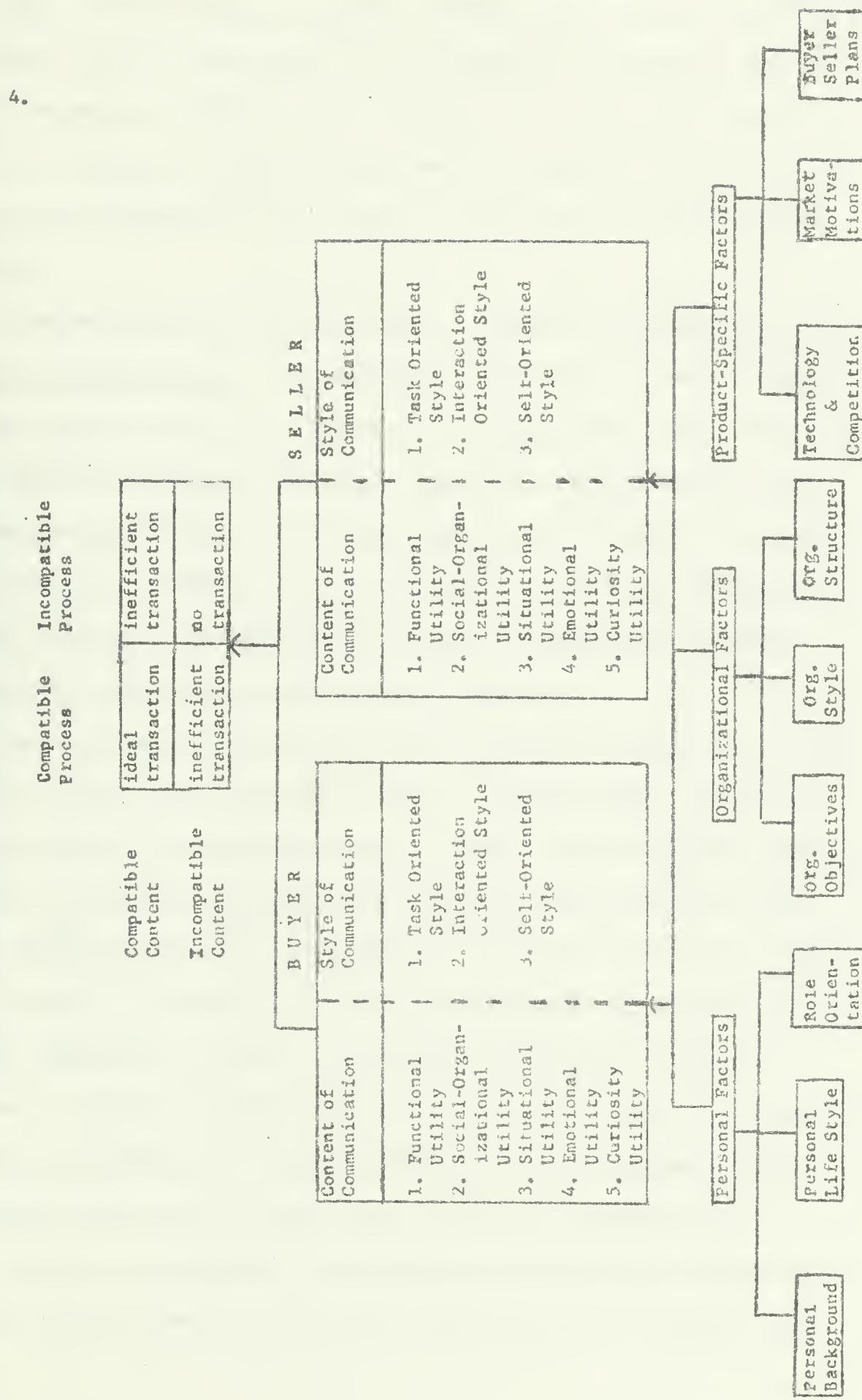
and abstract enough to include buyer-seller interaction in both household and organizational marketing. In other words, it is capable of explaining the process of buyer-seller interaction which takes at the retail outlets for consumer goods as well as between sales representatives and purchasing agents of formal organizations.

It is also comprehensive enough to include all types of buyer-seller interactions. These can be interpersonal (face to face), written or even telecommunication in nature. It is surprising to note how written and telecommunication buyer-seller interactions have been ignored in past research activities.

The conceptual framework developed in this paper has consciously avoided extending any particular well-known theory of interpersonal communication from the behavioral sciences. Often, such blind extensions have proved less useful in the past, (Sheth, 1974b). Instead, attempt is made to conceptualize the area from a managerial perspective and selectively choose as many theories and hypotheses from behavioral sciences as seem relevant to provide insights into why and how some buyer-seller interactions work to the satisfaction of both the parties and others don't.

The basic postulate underlying the conceptual framework summarized in Figure 1 is that whether a specific buyer-seller interaction will or will not work is a function of two distinct dimensions of interaction. The first dimension is the content of communication representing the substantive aspects of the purposes for which the two parties have got together. It entails suggesting, offering, promoting or negotiating a set of product-specific utilities and their expectations.

Figure 1. A Conceptual Framework of Buyer Seller Interaction



While the dimensions of product-specific utilities will be described in detail later in the paper, it is sufficient to note here that often the expectations offered by the seller and desired by the buyer for a specific product or service do not match resulting in failure of the interaction transaction to be consummated successfully and satisfactorily.

A second dimension of buyer-seller interaction determination is the style of communication. It represents the format, ritual or mannerism which the buyer and the seller adopt in their interaction. The style of interaction reflects the highly individualistic preferences and normative expectations of the buyer and the seller about the process of interaction itself. Much of the search for the supersalesman is often localized in identifying the style of interaction of highly successful salesman in organizational marketing.

The buyer-seller interaction process itself is treated as a transaction which can have multiple effects or consequences. Comparable to the impact of advertising (Sheth, 1974a), the buyer-seller interaction is presumed to perform any of the following five functions: (a) increase awareness of each other's expectations about the product or service; (b) remind each other's past satisfactory transactions and their behavioral outcomes; (c) reinforce each other's behavior related to the sale of the product or service; (d) precipitate behavioral actions on each other's part by intensifying expectations; and (e) persuade each other to change their respective expectations.

Whatever the objective, a satisfactory interaction transaction between the buyer and the seller will occur if and only if they are

compatible with respect to both the content and style of communication. In all other situations, the interaction transaction is presumed to be less than ideal. In figure 1, a two by two classification of interaction transaction is provided as a very simple framework to understand the impact of incompatibility with respect to style and content of communication. For example, if the buyer and the seller are compatible with respect to style but not with respect to content of communication, it is argued that while a dialogue will continue between the two parties, the actual sale may not be consummated due to difference in product expectations. Either the interaction process will be terminated or negotiations will take place to change each other's product expectations. On the other hand, if the buyer and the seller are compatible with respect to content but not the style of communication, it is argued that either the process will be terminated or even if the sale is consummated there will be negative feelings about each other's style or manner of interaction resulting in an unsatisfactory transaction. Finally, when both the style and the content are incompatible between the buyer and the seller, not only will there be no transaction culminating in a sale, but there are likely to be negative side effects of complaints, bad word of mouth about each other, and distrust of each other.

Both the style and content of buyer-seller communication are determined by a number of personal, organizational and product-related factors. For example, the personal life styles and backgrounds will often determine the style of communication the buyer or the seller chooses to engage in. Similarly, organizational training and orientation will also mould the buyer or the seller with respect to the style

of communication he is expected to engage in. Finally, the content of communication is likely to be determined by product-related variables such as market motivations, buyer and seller plans and technology or competitive structure of industry.

Content of Communication

While it is obvious that any incompatibility with respect to what the buyer wants and what the seller offers in a product or service will be detrimental to consummating a sale, it is more interesting and useful to identify dimensions and sources of content incompatibility. Based on a recent model of individual choice behavior (Sheth, 1975), it is proposed that underlying buyer-seller expectations about a product or service, there lies a five dimensional utility space. The five dimensions represent different types of product-related utilities which the buyer desires and the seller offers to each other. Each type of utility is briefly described below:

1. Functional Utility. It represents product's utility which is strictly limited to its performance and which defines the purpose of its existence and classification as a type of good or service. For example, the functional utility associated with an instant breakfast can be described in terms of taste, convenience, nutrition and calories. Similarly, the functional utility associated with a passenger car tire can be defined in terms of mileage, blow out protection, traction, handling and ride. The functional utility is often measured in terms of a person's expectations on a number of product-anchored attributes or evaluative criteria. It is presumed

to be a complex function of positive and negative expectations on multivariate profiles. In this papers, we treat functional utility as one dimension of product utility and ignore for a moment the question of its own dimensionality.

2. Social-Organizational Utility. Sometimes a product or service acquires social-organizational connotations or imageries independent of its performance or functional utility. This is due to its consistent identification with a selective set of socioeconomic, demographic or organizational types. Such identification with a selective cross-section of household or organizational buyers tends to impute certain utilities or disutilities in the product or service producing an imagery or a stereotype. For example, cigarettes are often consumed due to their social imagery even though they may be functionally harmful. Certain products are, therefore, used for their prestige and not so much their performance. The existence of social-organizational utility in a product or service is also prevalent in organizational buyer behavior especially with respect to those products and services which are directly associated with the organization man. This is not surprising in view of the fact that there exists an organizational stratification of people working in organizations comparable to social stratification of households based on organization structure, hierarchy, and power distribution.

3. Situational Utility. It represents a product's utility which is derived from existence of a set of situations or circumstances. The product or service has no intrinsic or independent utility and will not be offered or bought without the presence of circumstances which create its need. The situational utility is often strong among those

products or services which are consumed on an ad hoc basis rather than on a continuous basis. For example, the utilization of the services of the priest for marriage ceremony or the lawyer for divorce proceedings tend to be nonrepetitive by and large. Similarly, a housewife may buy a product or service as a gift item due to a very specific situation or occasion such as graduation or marriage. Organizations often tend to use the services of professionals on an ad hoc basis because of a specific project. Many of the capital expenditure items and highly specialized professional skills have greater degree of situational utility in them. It is extremely important to identify situations and activities which add to the utility of the product or service.

4. Emotional Utility. Sometimes a product or service evokes strong emotive feelings such as respect, anger, fear, love, hate or aesthetics due to its association with some other objects, events, individuals or organizations. The strong emotive feelings are therefore generalized to the product or service resulting in a different type of utility or disutility. For example, some Jewish buyers tend to refrain from buying German products because of strong emotional feelings they arouse as reminders of the German Nazi movement. Similarly, many Hindus refrain from eating beef due to strong emotive feelings anchored in religious tenets. While one would expect less prevalence of emotive utility in organizational products or services than in household products or services, this is not borne out by empirical research. Organizations also tend to manifest emotive behavior as is evidenced in international trade and cross-national negotiations.

5. Curiosity Utility. The fifth type of utility often present in both household and organizational products or services is related to novelty, curiosity and exploratory needs among individuals. Based on the assumption that man constantly seeks out new, different things due to either satiation with existing behavior or due to boredom inherent in highly repetitive tasks, certain new products or services acquire additional utilities which are not intrinsic to their performance. These products or services are both offered and sought largely due to their novelty and to satisfy a person's curiosity arousal. They have a very short life cycle and often degenerate as fads or fashions.

Each product or service has a vector of the five types of utilities described above. Furthermore, both the buyer and the seller will have certain expectations about the product or service on these five types of utilities. It is not at all uncommon both in household and organizational marketing to learn that the specific utility expectations of the buyer and the seller do not match resulting in some form of incompatibility with respect to content of interaction.

The degree of incompatibility can be measured by performing a dimensional analysis of the vectors of buyer-seller expectations. For example, we can locate the vectors of buyer and seller expectations in a five dimensional space, and measure the degree of incompatibility as a function of the distance between the buyer and the seller points located in the space. The greater the distance between the buyer and the seller points in space, the greater the incompatibility with respect to the content of communication. Presuming the equivalence between Euclidian distance and psychological incompatibility, the degree of

incompatibility can be measured as follows:

$$D_{BS} = \sqrt{\sum_{j=1}^5 (b_{Bj} - b_{Sj})^2} \quad (1)$$

where D_{BS} = Distance or incompatibility between Buyer and Seller

b_{Bj} = Buyer's expectation with respect to jth type of utility

and b_{Sj} = Seller's expectations with respect to jth type of utility

The distance between the buyer and the seller will determine to what extent they are matched with respect to content of communication.

Since the buyer in a free enterprise system has the economic buying power, it is presumed that the seller will often adapt or change his offerings in such a way as to minimize the distance. However, it is often not true in reality because the seller also attempts to change the location of buyer expectations in the space by persuasive communication strategies or sales tactics.

Who will make the adjustment is clearly a function of who has the greater power in the buyer-seller relationship. While the buyer has the economic power, the seller often has greater technical expertise to offset buyer's power. As a very broad generalization, it is likely that in a buyer's market, the seller is more likely to change in the long run. In the seller's market, it is more likely that the buyer will change or adapt. In all other cases, tactics of persuasion, negotiations and bargaining are likely to emerge as consequences of buyer-seller interaction.

Style of Communication

The vast literature on group dynamics and interpersonal relation-

ships in small groups (Bass, 1960; Heider, 1958; Homans, 1961), provides an excellent source to discuss the concept of style of interaction. As mentioned before, it refers to the format, ritual and mannerism involved in buyer-seller interaction. While we will rely heavily on research in group dynamics, it is important to keep in mind that the dimensionalities of style of interaction discussed here are common to nonpersonal interactions such as via telecommunication or postal systems. The style of interaction is presumed to be three dimensional. The specific dimensions are described below:

1. Task-Oriented Style. This style of interaction is highly goal oriented and purposeful. The individual is most interested in the efficiency with which the task at hand can be performed so as to minimize cost effort and time. Any activity during the interaction process which is either not task-oriented or inefficient is less tolerated by the individual who prefers the task-oriented style. The buyer or the seller who prefers this style of interaction often tends to be mechanistic in his approach to other people.
2. Interaction-Oriented Style. The buyer or the seller who prefers this style of interaction believes in personalizing and socializing as an essential part of the interaction process. In fact, preference for this style of interaction is often manifested at the loss or ignoring of the task at hand. The buyer or the seller motivated by the interaction-oriented style is often compulsive in first establishing a personal relationship with the other person and then only getting involved in the specific content of interaction.
3. Self-Oriented Style. This style reflects a person's preoccupation

with himself in an interaction situation. He is more concerned about his own welfare and tends to have less empathy for the other person. He is often unable to take the other person's perspective and views all aspects of interaction from his own selfish point of view. The concepts of self-preservation, self-survival and self-emulation tend to dominate this style of interaction.

It is also not uncommon to find situations in which the buyer and the seller are incompatible with respect to style of interaction. Given a three-dimensional vector of style of interaction, it is possible to measure the extent of incompatibility with the following Euclian distance:

$$D_{BS} = \sqrt{\sum_{j=1}^3 (C_{Bj} - C_{Sj})^2} \quad (2)$$

where D_{BS} = Distance between Buyer and Seller on style of interaction

C_{Bj} = Buyer's orientation with respect to j th type of style of interaction

C_{Sj} = Seller's orientation with respect to j th type of style of interaction.

The greater the distance between the buyer and the seller points in the style space, the more incompatible they will be with respect to style of interaction.

Unlike content of interaction, it is more difficult to change or adapt with respect to style of interaction. This is largely because the style orientations of individuals are often deep rooted in personality variables, early socialization processes and personal life styles. It is, therefore, difficult to discuss who should make changes in what situation in the buyer-seller interaction process.

If the style of interaction is highly incompatible between the buyer and the seller, it is probably best to terminate interaction and attempt to link the right types of sellers with the buyers in the interaction process.

Determinant Factors

Both the style and the content of buyer-seller interaction are determined by a set of exogenous factors. These are classified into three categories: (a) personal factors anchored to the individuals involved in the interaction; (b) organizational factors anchored to the respective organizations the buyer and the seller belong to. Even in household marketing, we believe there are organizational factors not only associated with the seller but also with the buyer in so far as a typical household has some organizational structure, no matter how implicit it may be; (c) product-related factors anchored to market motivations, competitive structure and buyer-seller plans. We will briefly describe some of the more salient variables in each category. However, it is beyond the scope of this paper to treat them exhaustively or even attempt to specify their causal influences on the style and content of interaction.

1. Personal Factors. The personal factors are likely to determine the style of interaction each individual prefers. Among many personal factors, there seems to be some consensus among the researchers with regard to the following specific variables. The first one is the demographic, socioeconomic and organizational background of the individual. These include physical characteristics such as sex, race, height, weight, etc. as well as both generalized education and special

skills acquired by the individual. A second specific variable is the individual's life style. It reflects the moulding of the individual over time as a function of socialization and personality development. The third specific variable is the role orientation of the individual with respect to the interaction process. It includes expectations and performance of specific roles on the part of the salesman such as consultant, order taker, informer, persuader, etc.

2. Organizational Factors. Organizational factors often determine both the style and the content of interaction. The organization often recruits, selects, trains and prepares the buyer or the seller with respect to both the content and style of communication. The organizational factors which account for variability among organizations in their degree of controlling the content and style of interaction are organization objectives, organization style and organization structure. The content will be heavily influenced by organization objectives and to some extent by organization structure. Similarly, each organization has explicit or implicit style of management often dictated by the top man in the organization. The organization style is likely to influence the personal style of communication of the seller or the buyer.

3. Product-Specific Factors. The product-specific factors are more likely to determine the content rather than the style of interaction. While there are many specific factors one can include in the list, we will isolate three specific factors which seem more relevant and interesting. The first factor, of course, relates to market motivations. It refers to the generalized needs, wants and desires customers have for which the specific product is more or less relevant. The second factor relates to buyer and seller plans. The buyer has certain plans

in his mind about the specific use he is likely to make use of the product. Similarly, the seller has certain plans with respect to market differentiation and customer segmentation. The product expectations of the buyer and the seller are likely to be heavily determined by their respective plans. The third factor is anchored to the supply side of the product. It refers to the technological and competitive leadership the seller has in that product category. The product expectations and utilities especially in regard to functional, situational and curiosity utilities are more likely to be determined by technology and competition prevalent in the industry.

The three types of determinants of style and content of interaction are extremely relevant to isolate individual differences among buyers and sellers, product differences for the same buyer or seller, and organizational differences for the same product. They essentially serve the function of reducing all the buyer-seller interactions to a common base by partialling out the effects of personal, organizational and product differences.

Conclusion

This paper has attempted a comprehensive conceptualization of the buyer-seller interaction process based on the presumption that whether or not there will be a satisfactory interaction will depend on whether the buyer's and the seller's style as well as content of interaction match. To the extent they do not match, the interaction is likely to be either terminated or will entail negative side effects.

Knowledge of mismatch between the buyer and the seller either with respect to style or with respect to content will require managerial corrective actions. These actions may take the form of modifying sales appeals, retraining salespeople, reassignment of salesmen as well as changes in recruiting and selection of personnel.

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